

From: LaDonna Huff <lhuff@caowny.org>
Sent: Tuesday, March 19, 2019 4:27 PM
To: Spina, Matt <MSpina@buffnews.com>
Subject: RE: Buffalo News inquiry, the CAO

Dear Mr. Hare:

The Buffalo News is planning a news article about the contents of your submission to the newspaper's "Everybody's Column," your March 12 letter to CAO employees and your previous letter to The News regarding its reporting on the hiring of a forensic accounting firm.

Mr. Spina and Ms. Pasciak,

Before we respond to your request for various materials, I'd like to observe that we can be at odds, or disagree about various things, without being brusque and ill-mannered. The CAO is not your enemy, and we would repeat that neither I, nor the board, nor the CAO, has done anything wrong. Further, as we've told you repeatedly, all actions have either included New York Department of State representatives, or we have informed appropriate agencies. We also do not regard the News, however ill-advised on these matters, to be our enemy. We therefore will continue to show you due respect, and we calmly request you do the same.

To your requests.

1. The signed contract between the CAO board's leadership and the accounting firm Chiampou, Travis, Besaw & Kirshner, LLP.

CAO never signed such a contract and has never seen such a contract. If anyone entered into such a contract, it would be an illegal act against the CAO, a serious violation of its bylaws, and something that would need to be reported to regulators, and perhaps law enforcement, as an illegal act since it was neither authorized by the board, nor management. If we receive such a contract, we will notify law enforcement and the appropriate state regulatory bodies of this illegal behavior.

Your reference above yesterday was the first we'd heard of it, to wit our letter to you of March 6 where we asked if you knew the name of an accounting firm supposedly hired. Since your request yesterday for this contract, we have been in touch with officials at Chiampou, Travis and we would recommend that you call them again for comment, because they now realize they were duped, and that the CAO board never approved such a contract.

Therefore, we respectfully reiterate our request that since there was no legal contract, no auditors, besides those from Szymkowiak, ever started a "forensic audit," and none were hired, that you correct your report of Feb. 18. That stated certain CAO board members were removed to block this audit, which was already underway. Never an audit started, thus never one stopped.

We would also respectfully ask why, since an outside audit *was* performed and that *was* made public, the newspaper has not reported this and its contents to its readers?

It appears to us that departed board members committed serious misconduct and then used to the News to propagate that fraud on the public as they had done to CAO, its board members, and regulatory bodies. We think you need to acknowledge this in a corrective story.

2. All correspondence to and from the CAO and the State Department of State related to board

governance since Dec. 1. This should include the summary to DOS of the counsel's board seat investigation sent on Dec. 14.

As you know, CAO is a private organization not subject to FOIL. We will consult with the Department of State, which your stories failed to recognize from the start has been informed from the beginning of the findings and intended actions by CAO and the board, as to which items should be provided. We will hopefully have an answer later this week. Now that we know that there may be an investigation of wrongdoing by several of the people providing false information for your stories, we want to proceed with extra caution. But we will provide whatever is appropriate as soon as practicable this week.

3. Minutes of the board meeting of Jan. 7. The minutes hopefully identify the board members who "voted to accept and adopt the report on counsel's board seat investigation."

We have attached the 1.17.19 minutes. The board specifically accepted and approved the comprehensive Hodgson Russ Report (top of page 2), which contained extensive legal research, supported by documents, as reflected in the 12.14.18 summary letter provided to DOS. Two DOS regulators were at that 1.7.19 meeting for the entire proceedings. Per the board's action, the notices to the six effected directors went out the next day. Accordingly, and contrary to what you have reported, the board did review the facts and law presented by counsel and made a specific determination, per an advance agenda item, at a properly constituted, fully noticed board meeting, and supported by a vote and a duly recorded minute item. This is a serious error in your reporting that is an obvious false statement and needs to be corrected.

4. The counsel's report on the board seat investigation.

As you surely understand, this report is attorney-client privileged protected and not something we would make public. If you have specific questions about actions and findings involving some board members, we would consider them. But again, your stories repeatedly and falsely stated that there was no board action preceding and authorizing the notifications by counsel.

5. Any completed audit for the period ended February 2018. Your letter seems to indicate it has been posted to the CAO website. Or perhaps you can indicate where it is on the website.

As listed at the end of the March 11 news release announcing the audit's and 990's postings, they are available at: <https://caowny.org/wp-content/uploads/2018/10/990-2017.pdf> and <https://caowny.org/cao-releases-latest-outside-independent-audit/> The audit itself follows the PDF of the release.

6. Minutes of the March 13 CAO board meeting.

There was no March 13 board meeting.

We look forward to your story, and we especially reiterate our request that you *prominently* correct your inaccurate reporting about the forensic audit, which, you surely can see, has cast the CAO in an improperly and inaccurately negative light. Never was one. Never started. Therefore, never could be stopped. Legal and appropriate removal of board

members, documented to DOS and fully informed in advance, had nothing to do with a forensic audit.

L. Nathan Hare